

**Addressing the Health Insurance Dilemma Among Montana's K12 Schools
SB2666 / 2009 – Senator Mike Cooney
Before the Senate Education Committee -- January 30, 2009**

SB266 will allow school districts to permissively levy for the incremental annual growth in school district paid health insurance premium costs. The bill will allow schools the same authority provided to counties since 2001.

SB266's permissive levy is essentially a "present law" adjustment for school health insurance costs of schools. As the bill contemplates that revenues generated by the school insurance levy will be placed in the miscellaneous fund (fund #15), collected revenues can be readily identified and their use exclusively limited to pay for incremental increases in the cost of providing health insurance benefits for school personnel.

It is not anticipated that SB266 will materially affect the number of school district employees covered by district health insurance plans, nor significantly change local patterns of health-care cost-sharing by districts and employees.

The bill will, however, help district's to maintain their current level of support for health benefits for employees and relieve cost-pressure on school district general fund budgets. Indeed, if SB266 does result in a \$15m statewide school health insurance levy, those dollars will relieve approximately 1% to 1.5% of the cost pressure on local budgets. (Please see the fiscal note and the table provided on the back of this testimony.)

For the 60%+ of school districts school personnel employed and students enrolled in districts that are currently at 97% or more of their maximum budget allowed by law, SB266 may provide the 'breathing room' needed to make FY11 school budgets work.

Please vote "yes / do pass" on SB266. Thank you.

HISTORICAL TREND OF SCHOOL DISTRICT EXPENDITURES FOR HEALTH INSURANCE **HEALTH INSURANCE COSTS GREW BY 117% SINCE FY92 & NOW CONSUME 9% OF ALL GF EXPENDITURES!**

Source: OPICORE Budget & Expenditure files, Coopers-Lybrand & eBenX, MEA-MFT files. WC** added to GF in FY92. * Current fiscal year estimated.

GENERAL FUND DISTRICT EXPENDITURES

Fiscal Year	Benefits (200s) Expenditures	90% of Benefits Est for Health Ins	Annual % Change	Health Ins % of GF Exp
FY91	35,310,055	31,779,050		5.3%
92**	43,258,290	38,932,461	22.5%	6.3%
93	47,341,686	42,607,517	9.4%	6.6%
94	48,530,302	43,677,272	2.5%	6.7%
95	51,387,202	46,248,482	5.9%	7.0%
96	54,208,191	48,787,372	5.5%	7.2%
97	53,932,344	48,539,110	-0.5%	7.0%
98	57,250,442	51,525,398	6.2%	7.3%
99	54,291,025	48,861,923	-5.2%	6.8%
2000	54,893,095	49,403,786	1.1%	6.7%
01	58,788,434	52,909,591	7.1%	7.0%
02	63,441,660	57,097,494	7.9%	7.4%
03	67,613,731	60,852,358	6.6%	7.7%
04	71,670,555	64,503,499	6.0%	8.0%
05	74,458,720	67,012,848	3.9%	8.1%
06	79,322,146	71,389,931	6.5%	8.2%
07	85,739,962	77,165,966	8.1%	9.0%
08	89,421,767	80,479,590	4.3%	8.8%
09*	94,000,000	84,600,000	5.1%	9.1%

ALL FUNDS (MINUS RETIREMENT) EXPENDITURES

Benefits (200s) Expenditures	90% of Benefits (Health \$ Est.)	Annual % Change	Share of A Expenditure
44,651,364	40,186,228	BASE	5.9%
54,080,852	48,672,767	21.1%	6.9%
57,673,346	51,906,011	6.6%	7.0%
63,209,047	56,888,142	9.6%	7.3%
66,327,049	59,694,344	4.9%	7.6%
68,123,470	61,311,123	2.7%	7.6%
67,824,041	61,041,637	-0.4%	7.3%
71,376,994	64,239,295	5.2%	7.4%
68,116,543	61,304,889	-4.6%	6.9%
70,656,921	63,591,229	3.7%	6.9%
75,276,931	67,749,238	6.5%	7.0%
81,867,634	73,680,871	8.8%	7.4%
90,659,657	81,593,691	10.7%	7.8%
96,099,236	86,489,313	6.0%	8.1%
106,721,576	96,049,418	11.1%	8.9%
114,787,787	103,309,008	7.6%	8.0%
121,660,924	109,494,832	6.0%	8.0%
123,702,668	111,332,401	1.7%	7.5%
126,000,000	113,400,000	1.9%	7.2%

SCHOOL DISTRICT GENERAL FUND HEALTH INSURANCE COSTS SINCE FY91 (\$ AND % OF ALL GENERAL FUND EXPENDITURES)

